

**IN THE CIRCUIT COURT OF DAVIDSON COUNTY TENNESSEE
TWENTIETH JUDICIAL DISTRICT AT NASHVILLE**

STATE OF TENNESSEE,

Petitioner,

v.

H & R BLOCK SERVICES, INC.

Respondent.

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No. _____

PETITION

Paul G. Summers, Attorney General and Reporter for the State of Tennessee (“Attorney General” or “State”), files this Petition pursuant to Tenn. Code Ann. §47-18-107 of the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. §47-18-101 *et. seq.* (“the Act”), and would respectfully show the Court as follows:

1. The Attorney General, acting pursuant to the Act, has investigated certain acts and practices of H & R Block Services, Inc. (“Respondent” or “HRB”). Upon completion of the investigation, the Attorney General contends that certain acts and practices of the Respondent, more specifically described in Paragraph 2 of this Petition, constitute unfair and deceptive acts or practices affecting the conduct of trade or commerce in the State of Tennessee in violation of the Act.

2. The Attorney General alleges the following:

- (A) HRB is incorporated in Missouri, with its headquarters located at 4400 Main Street, Kansas City, Missouri, 64111. HRB is in the business of individual and business tax return preparation and advice, investment services, mortgage services and other financial activities;
- (B) HRB, through its affiliate offices and franchisees, among other things, provides tax return preparation services; HRB also offers and provides other for-fee, optional services that are associated with its tax return preparation

services. Among these for-fee, optional services is the “Peace of Mind” guarantee (“POM”);

- (C) For those consumers who purchase POM through HRB, HRB guarantees that if their preparer makes a mistake in the preparation of the consumer’s tax return, HRB will pay up to five thousand dollars and 00/00 (\$5,000.00) of any additional income tax that may be owed to a taxing authority due to the preparer’s error and accompany the consumer to any proceeding requested by a tax authority concerning errors in the consumer’s return;
- (D) During Tax Season 2001 (the time frame during which income tax returns were prepared for income obtained in calendar year 2000), HRB automatically added a fee of twenty-two dollars and 00/100 (\$22.00) for POM to all consumer tax return preparation invoices without first obtaining the consumer’s affirmative acceptance of POM. These practices violate provisions of the Act, specifically Tenn. Code Ann. § 47-18-104 (a), (b)(5), (b)(12), (b)(14) & (b)(27); and,
- (E) The allegations contained in Paragraph D constitute unfair and deceptive acts or practices.

3. Respondent does not admit to the State’s allegations of Paragraph 2 (D) and (E), but has agreed to resolve the issues raised by the State’s investigation by entering into the attached Assurance of Voluntary Compliance. HRB is entering into the Assurance solely for the purpose of settlement and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law or of any liability or wrongdoing. Further, in accordance with the provisions of Tenn. Code Ann. § 47-18-107(c), the execution, delivery and filing of the Assurance does not constitute an admission of prior violation of the Act.

4. The Attorney General entered into negotiations with Respondent and the parties have agreed to, and the Division has approved, the attached Assurance of Voluntary Compliance.

5. The Division, the Attorney General, and the Respondent, are the parties who are primarily interested in the matters set forth in Paragraph 2 hereof, and all have jointly agreed to the Assurance of Voluntary Compliance and join in its filing.

PREMISES CONSIDERED, Petitioner prays

1. That this Petition be filed without cost bond pursuant to the provisions of Tenn. Code Ann. §§ 20-13-101 and 47-18-116.

2. That the Assurance of Voluntary Compliance be approved and filed in accordance with the provisions of the Tennessee Consumer Protection Act.

Respectfully submitted,

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